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FM AMEMBASSY KATHMANDU  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5797  
INFO RUEHB/AMEMBASSY BEIJING PRIORITY 5684  
RUEHLM/AMEMBASSY COLOMBO PRIORITY 5989  
RUEHKA/AMEMBASSY DHAKA PRIORITY 1211  
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 4012  
RUEHLO/AMEMBASSY LONDON PRIORITY 5304  
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 1387  
RUEHCI/AMCONSUL KOLKATA PRIORITY 3430  
RUEKJCS/SECDEF WASHDC PRIORITY  
RUCNDT/USMISSION USUN NEW YORK PRIORITY 2647  
RHEFDIA/DIA WASHDC PRIORITY  
RHMFIISS/CDR USPACOM HONOLULU HI PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000883

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E.O. 12958: DECL: 05/03/2017

TAGS: PGOV PTER KDEM NP

SUBJECT: NEPAL: POLITICO PREDICTS BAD TIMES AHEAD

Classified By: CDA Robert Hugins. Reasons 1.4 (b/d).

Summary

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**¶1.** (C) Dr. Narayan Khadka, Central Committee Member of the Nepali Congress-Democratic Party (NC-D), told Emboff April 30 that Nepal was heading in a bad direction with the Maoists poised to take control. Prime Minister Koirala had been acting alone, and all the main parties in the coalition government were moving forward under the leadership of only a few, without consulting their lower level cadre. The Government of Nepal (GON) would almost assuredly scrap the new electoral constituencies formed by the Constituency Delineation Commission and it was unclear whether the parties had any plans to set a new date for the Constituent Assembly election. Khadka believed that the country was headed toward a serious civil war and that bloodshed in the coming months was "nearly inevitable."

Maoists Poised to Take Control

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**¶2.** (C) Dr. Narayan Khadka, Central Committee Member of the NC-D and a leading party intellectual, told Emboff April 30 that Nepal was heading in a bad direction with the Maoists poised to take control. The Maoists had never really entered into a "peace process" but had instead continued to commit atrocities across the country. None of the political parties or news agencies had been holding the Maoists accountable for their actions, emboldening them to continue. The Government of Nepal (GON) was in a bind because it had conceded so much to the Maoists during the peace negotiations that now it had nowhere left to stand in the face of Maoist bullying. The Maoists were taking advantage of every opportunity to weaken the other political parties and turn them against one another. Khadka worried that the Maoists were moving closer to a monopoly on state power.

Party Leadership Acting Without Consultation

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**¶3.** (C) Khadka complained that the leadership of the three main parties -- the Nepali Congress (NC), headed by Prime Minister Koirala, the Nepali Congress-Democratic (NC-D), headed by Sher Bahadur Deuba, and the Communist Party of Nepal-United Marxist Leninist (CPN-UML), headed by Madhav

Kumar Nepal -- were not consulting with the membership of their parties before making decisions on the future of the country. The decision to allow the Maoists into the Interim Government had been made without consulting the lower ranking party members. Furthermore, the party leadership, especially Prime Minister Koirala, continued to make decisions without debate and consultation. Khadka worried that the PM's health was playing a role in this; the PM used to wake up at five o'clock and surround himself with advisors who would read the paper and discuss the issues of the day. Lately, the PM had been getting up late, and only speaking to one or two trusted advisors, one of whom was Home Minister Krishna Sitaaula, who many claimed was too close to the Maoists. The PM's way of operating had been playing directly into the hands of the Maoists.

#### Constituencies to be Scrapped; New Date Not Forthcoming

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¶4. (C) Khadka told Emboff that the GON would almost assuredly scrap the electoral constituencies formed by the Constituency Delineation Commission due to complaints from many sides, especially the Madhesis and the Maoists. Although it was clear that a Constituent Assembly election would not be held in June, it was not clear whether the GON had a plan for announcing a new date. Emboff stressed that the GON needed to declare a new date soon, along with a clear timeline for enacting election laws and new constituency boundaries. Khadka said he did not expect the GON to declare a date soon, nor did he expect that it would set such a timeline. Elections were not in the self-interest of the leaders of the parties, who stood a chance to lose their seats.

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#### Bloodshed on the Horizon?

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¶5. (C) Khadka voiced serious worries about the potential for large-scale civil war to re-erupt in the coming months. The Maoists were moving toward an attempt to declare Nepal a republic from the Interim Parliament and to get rid of the monarchy. Khadka claimed that there were enough members of the Nepal Army (NA) who were loyal to King Gyanendra who would take "strong action" if the Maoists went down such a road. The NA could attempt either to take over the country themselves, give power back to the King, or simply depose the Maoists from the Interim Government by force. Any of these options would give the Maoists the excuse they needed to engage in a full-on fight with the NA. Khadka further worried that there was not enough unity among the former Seven-Party Alliance to stand up to the Maoists in such a situation. If the Maoists rose up in a violent struggle again, Khadka feared that there could be major bloodshed.

#### Comment

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¶6. (C) Although we do not share as pessimistic a view as Dr. Khadka about the immediate future of Nepal, it is evident that the Maoists are working to seize power and are involved in an internal debate as to how best to do so. In his May 1 speech, Maoist Chairman Pushpa Dahal (aka Prachanda) promised to launch a new revolt if the Interim Parliament did not declare Nepal a republic. Given the current poor state of affairs in the governing eight-party "coalition" and the Prime Minister's poor health, the Maoists may be hoping to topple the current government from within without any sort of violent revolt. The GON has repeatedly given in on important issues to keep the Maoists engaged in a "peace process" that has been anything but peaceful. The lack of a plan for setting a new date for an election is equally troubling. If the GON does not set a new date and move toward a free and fair election soon, the Maoists will have an even bigger opportunity to push the other parties around. The NA remains a wildcard and formidable obstacle to their plans. Unlike

the political parties, the NA will not be pushed.  
HUGINS